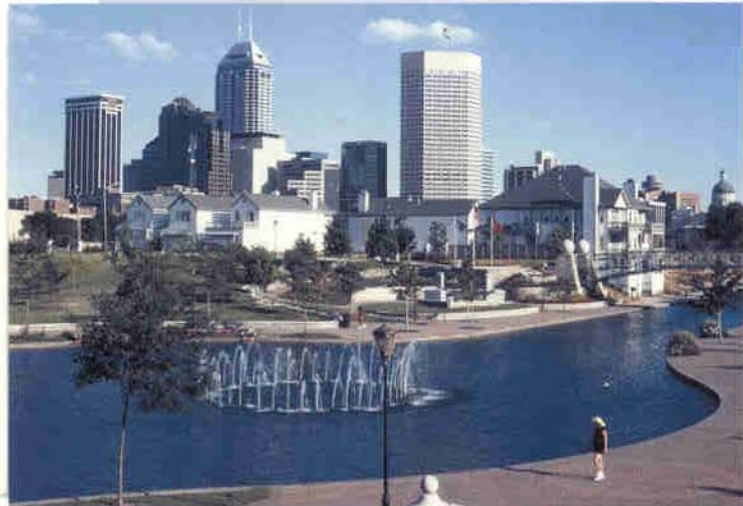
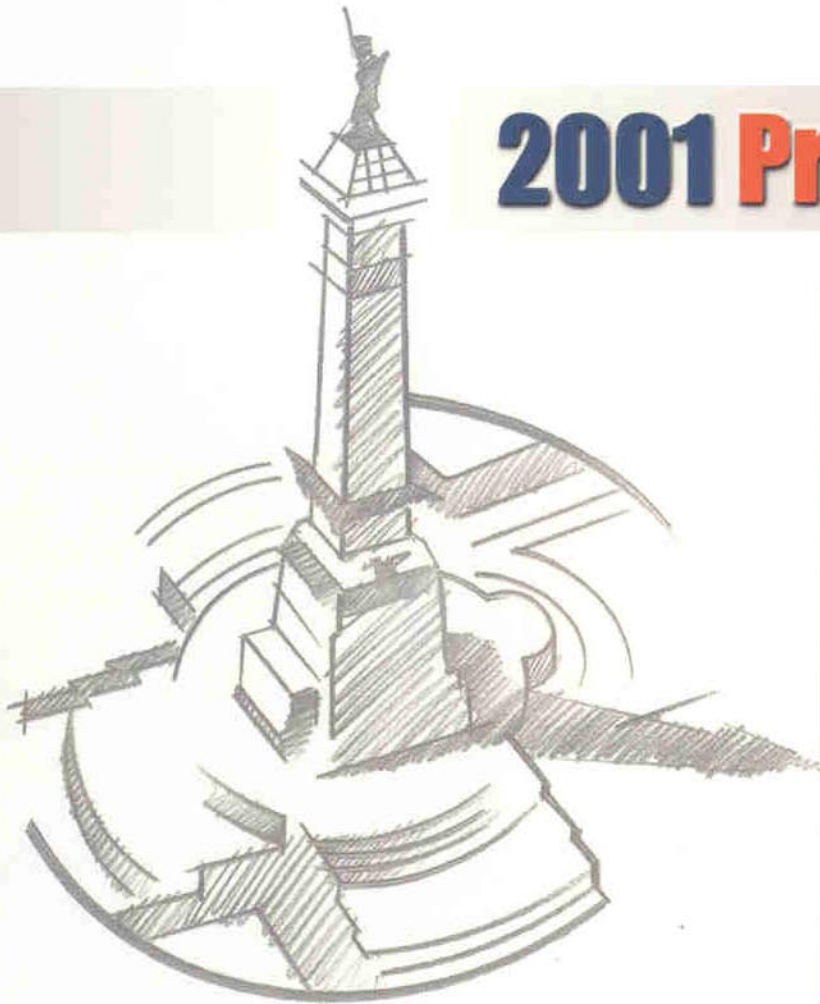


City of Indianapolis

2001 Proposed Budget



Bart Peterson, Mayor
Katherine L. Davis, City Controller

The City of
INDIANAPOLIS

2001

PROPOSED BUDGET

CITY OF INDIANAPOLIS MAYOR

Bart Peterson

CITY-COUNCIL MEMBERS

Dr. Beurt R. SerVaas, Council President

Dr. Philip Borst, Majority Leader

Rozelle Boyd, Minority Leader

John Bainbridge
Maggie Brents
Curtis Coonrod
William Dowden
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Steve Talley

Elwood Black
Bob Cockrum
Beulah Coughenour
Ron Gibson
Karen Celestino Horseman
Robert Massie
Joanne Sanders
David Smith

James Bradford
Lonnell Conley
William Douglas
Monroe Gray, Jr.
Harvey Knox
Mary Moriarty Adams
Scott Schneider
Bill Soards
Jody Tilford

APPOINTED OFFICIALS

Mike O'Connor
William Shrewsberry
Jane Henegar
Katherine Davis
Scott Chinn
Brenda Burke
Carolyn Coleman
Greta Hawvermale
Greta Hawvermale
Robert Turner
Joseph Wynns

Chief Deputy Mayor/Chief of Staff
Deputy Mayor/Public Policy
Deputy Mayor/Neighborhoods
Controller
Corporation Counsel
Director of Administration
Director of Metropolitan Development
Director of Capital Asset Management
Director of Public Works
Director of Public Safety
Director of Parks and Recreation

August 7, 2000

To the Members of the Indianapolis City County Council,

I am pleased to present to you the 2001 Budget for the City of Indianapolis. The budget reflects my commitment to improving public safety, strengthening neighborhoods, and providing fiscally responsible leadership to the citizens of our City.

My proposed budget for the Indianapolis Police Department includes funding for 50 additional police officers. The additional officers assure Indianapolis's continued progress toward effective community policing. The Police Department and the Fire Department budgets also fund the overtime necessary to meet neighborhood needs and to support special events in 2001.

The 2001 budget of the Division of Permits funds additional inspectors and technology for code compliance. The supervised programs of the Indianapolis Department of Parks and Recreation are fully funded. My proposed budget also includes an increase in City funding for the Arts.

There are no increases in any of the City's tax rates. Assessed values are projected to grow 1% in the City's Police and Fire taxing districts and 2.5% in the countywide districts. With inflationary pressures exceeding revenue growth, the budget spends \$16 million from fund balances. At the end of 2001, fund balances are still projected to be healthy at \$115 million.

Contracts for bargaining unit employees were negotiated for the period of January 1, 1999 through December 31, 2002. Salaries for police officers and fire fighters increase the prescribed 4% in 2001. Other public employee bargaining unit salaries increase 3%. The budget allows for 3% average salary increases for biweekly employees. Health insurance costs increase 10% and life insurance costs increase 5%. Fuel costs are projected to increase 50% over the 2000 budget.

As a result of the 2000 budget, the Indianapolis Police and Fire Supplemental Pension Trust Fund will be depleted before the end of this year. As a result, pension revenues are \$14 million short against police and fire pension obligations in 2001. To meet the police and fire pension obligations in 2001, the budget includes compensation from the Indianapolis International Airport and the Capital Improvements Board (CIB) for public services provided by the City.

My proposed budget states the goals of my Administration and provides the measures we will use to track our performance. Expenditures are presented both by department and by goal. The budget is presented in a way that links our objectives with the appropriations that will fund our efforts. This budget addresses our City's needs for a safe community and reliable services while containing the growth of government. I look forward to fruitful discussions with the Council.

Sincerely,

Bart Peterson, Mayor

Introduction**A LOOK AROUND INDIANAPOLIS**

Indianapolis is the twelfth-largest city in the United States, with a population of over 800,000. It was founded as the state capital of Indiana in 1821 and officially became so in 1825. Indianapolis' residents have always shown great pride in their city. In 1909, our civic forefathers inscribed on the cornerstone of the old City Hall the words "I am myself the citizen of no mean city." The words are as true today as they were then.

Business

Indianapolis is one of the most populous cities in the world not located on a navigable waterway, although the City is a hub of road, rail, and air transportation. In fact, Indianapolis epitomizes the state logo, "Crossroads of America," with more intersecting segments of interstate highway than any other metropolitan area.

This infrastructure and the business climate make Indianapolis a popular place for business. Among the major national and international companies located in Indianapolis are Eli Lilly & Co., Anthem Insurance, Consecro, Clarian Health, Escient, Bank One Indianapolis, Allison Transmission, United Airlines, Mays Chemical, Allison Engine Co., Simon Property Group, Indianapolis Motor Speedway Corporation, Federal Express, and Navistar International Transportation.

There are a number of signs that Indianapolis's economic health is strong, as we continue to cultivate the top-flight companies that call Indianapolis home, engage new corporate citizens and aggressively grow Indianapolis business. Among the signs of favorable economic health are the following. The Indianapolis International Airport in 1999 – the last year for which statistics are available – routed 3 million passengers both domestic and international through its gates. The airport is served by 18 commercial passenger airlines with an average of 352.7 daily departures to an average of 44 non-stop destinations. Additionally, the airport handled 1,148,633 tons of mail and freight in 1999. To meet increasing demand, the Indianapolis International Airport is reviewing plans to add flights and increase customer service by either building a new midfield terminal, or expanding the existing terminal. The Indiana Convention Center, which has been operating near capacity, is also being expanded. A new full-service hotel just opened its doors downtown and a second is under construction. And we are continuing our efforts to attract high-technology businesses to the Greater Indianapolis region, with the focus that both Indianapolis and the surrounding areas benefit from economic expansion. Indianapolis is working to expand our trained work force to meet the needs of businesses. Our goal is to have a well-trained workforce and be a center for 21st century business.

Indianapolis has received abundant praise for its business climate. We were named in *Employment Review* as one of America's best places to live and work. Indianapolis ranked fifth on *Entrepreneur Magazine's* 1996 list of the 30 best cities for small business. And Cognetics – a Massachusetts research firm – cited Indianapolis as one of the top spots for entrepreneurs, ranking fifth overall among the nation's top 50 metro areas, and the only northern city ranked in the top ten.

Arts, Culture, and Entertainment

Arts and Culture are key parts of the of the Indianapolis community fabric. They improve the quality of life and are integral components in our business success. Arts and Culture in the Circle City mean any experience that portrays Greater Indianapolis, its people, diversity, and character. Among the most recent cultural successes is the Indy Jazz Fest. Indiana Black Expo celebrated their 30 year anniversary in 2000.

Indianapolis is also brimming with traditional arts and culture attractions. Established in 1883, the Indianapolis Museum of Art is both an art museum and a 152-acre botanical garden. The museum's grounds contain five pavilions, a lecture hall, a theater, a concert terrace, a restaurant, shops, and a greenhouse. Its permanent collection includes collections of neo-Impressionist art, Chinese art, and African art. The Eiteljorg Museum of American Indians and Western Art is one of just two museums east of the Mississippi that feature both American Indian and Western art. The Eiteljorg's American western gallery includes works from the Taos, N.M., artists' colony, as well as pieces from such legends as Remington and Russell. Contemporary artists who tell the story of today's West are also represented along with Native American art, which includes pottery, basketry, sculpture and other artifacts from all 10 North American native cultural areas.

Introduction

Indianapolis is also the home of the world's largest Children's Museum. The museum's collection includes a Prehistoric Gallery, a steam-engine exhibit, a model-train gallery, an outdoor garden gallery, and a 130-seat planetarium. In 1996, the museum opened a large theater called the Cinedome, which surrounds viewers with state-of-the-art audio and visual systems.

White River State Park, located just outside downtown, is the state's first metropolitan state park. The Indianapolis Zoo is located in the park and houses 4,000 animals in simulated natural habitats. Next to the zoo is the White River Gardens, which includes a glass-enclosed conservatory, outdoor gardens, a water garden, and one and a half miles of winding paths and walkways. Also located in the park are the IMAX 3-D theater, the National Institute for Fitness and Sport, the Eiteljorg Museum, the newly relocated NCAA headquarters, and the NCAA Hall of Champions.

An entertainment highlight in Indianapolis is Circle Centre Mall. Indianapolis's downtown mall has been received enthusiastically by citizens and visitors alike. The mall is the anchor of Indianapolis downtown redevelopment. Circle Centre contains over 100 stores, an excellent food court, ample parking, a cinema, an arcade, and several very popular nightclubs.

Another downtown attraction is the Soldiers and Sailors Monument, the centerpiece of Monument Circle. The monument stands 284 feet, 6 inches high and symbolizes both the City of Indianapolis and the State of Indiana. Every year the statute is transformed into the world's largest Christmas tree. Two other downtown attractions of note are the City Market, a popular lunchtime spot for those who work downtown, and the Indiana War Memorial.

Sports

Our city has made a name for itself in the world of sports. We boast two major-league teams, the Indianapolis Colts of the National Football League and the Indiana Pacers of the National Basketball Association. The Colts, who moved to Indianapolis in 1984, play in the RCA Dome on the City's West Side. The Pacers, who have reached the playoffs every year since 1989 and this year reached the NBA finals, play in the new Conseco Field House – which hosted the NBA finals in its inaugural season. A final professional sporting event of note is the RCA Tennis Championship hosted annually at the Indianapolis Tennis Center.

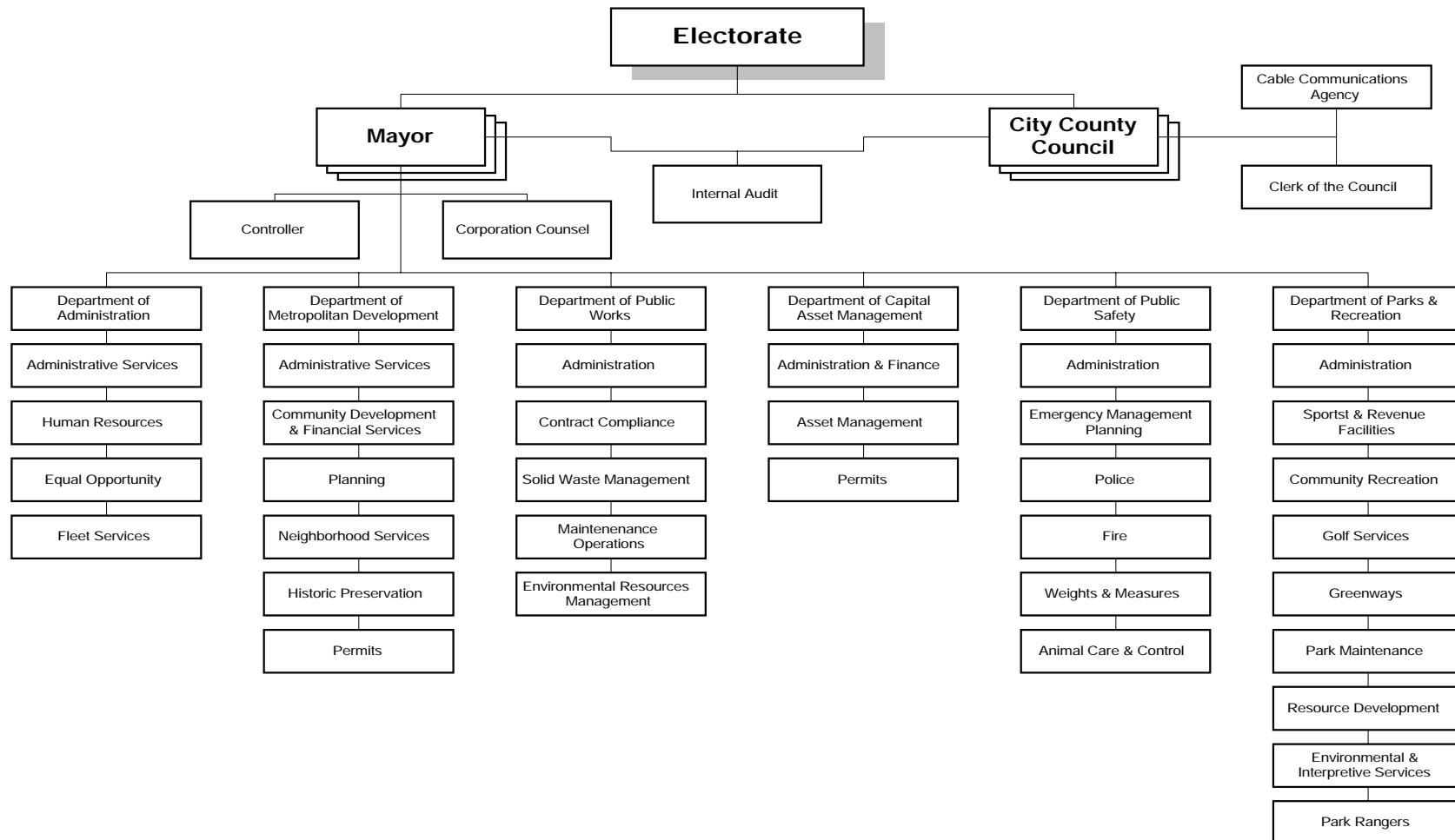
Indianapolis also hosts several minor-league teams. Baseball's Indianapolis Indians, a farm team for the Milwaukee Brewers, play in Victory Field, one of the most attractive downtown ballparks in the country. Hockey's Indianapolis Ice play in the Pepsi Coliseum. Both sports have a rich history in Indianapolis. The Indians have been in existence since 1902, and although the Ice were formed much more recently, in 1988; Indianapolis has had hockey teams since 1939.

Indianapolis is well known for the Greatest Spectacle in Racing, the Indianapolis 500. The race has its roots in the early twentieth century, when Indianapolis was home to ten automotive manufacturing firms. In 1909, Carl Fisher and three partners formed the Indianapolis Motor Speedway Company and opened the famous 2½-mile track for private testing and occasional racing. The first 500-mile race was held two years later. Since 1957, the 500 Festival, a huge celebration that includes concerts, a half-marathon, and the nation's second-longest parade, has preceded the race. Since 1994, the track has hosted the Brickyard 400 stock-car race as well. In 2000 the United States Grand Prix joins the stable of races at the Motor Speedway on a newly constructed 2.606-mile road course. It is the first Grand Prix in the United States since 1991 and will be the 15th of 17 events on the Formula One schedule.

And of course Indianapolis is famous for amateur sports, so much so that we have been dubbed the Amateur Sports Capital of the World. Amateur-sports organizations—for gymnastics, diving, track, and others—have been settling here in increasing numbers. The national headquarters of the National Collegiate Athletic Association moved to Indianapolis at the end of 1999. Indianapolis has hosted numerous amateur-sports events, most memorably the Pan American Games in 1987 and the NCAA Final Four in 1980, 1991, 1997, and 2000.

Sports facilities in Indianapolis that foster the amateur sports reputation are the RCA Dome, Conseco Field House, the Indianapolis Sports Center (tennis), the IU Natatorium (swimming and diving) and Track and Field Stadium, the Indiana World Skating Academy (ice skating) and the Major Taylor Velodrome (cycling).

Organization Chart



Introduction**INDIANAPOLIS GOVERNMENT****Unigov**

Indianapolis and Marion County have been consolidated under a unified governmental structure since January 1, 1970. This structure known as Unigov, combines city and county legislatures and provides a single countywide chief executive. The city-county council is made up of twenty-nine members (twenty-five from individual districts, and four elected at large). The mayor and councilors are elected every four years. The public school system, the police department and the fire department are not consolidated. Several other county offices are not merged—for example, the assessor, auditor, clerk, coroner, prosecutor, recorder, sheriff, surveyor, and treasurer—because they are provided under the Indiana Constitution. Also, the incorporated cities of Beech Grove, Lawrence, and Southport, and the town of Speedway, are left out of the consolidation, but are allowed to vote for the chief executive, the county-wide councilors, and their own city officials.

Organization

The 2001 City budget reflects a continuing reorganization of City agencies; departments and divisions have been realigned to streamline delivery of City services.

Executive and Legislative

The main duty of the Executive and Legislative Department is to develop and enforce laws for the City of Indianapolis. The department includes the Mayor's Office, the City-County Council, the Cable Communications Agency, the Office of the Corporation Counsel, the Collection Division, the Office of the City Controller, and the Purchasing Division.

The Mayor's Office, in conjunction with the City-County Council, strives to provide effective and responsive leadership for Indianapolis's citizens. The City-County Council also establishes tax rates, reviews and recommends the annual budget, and confirms appointments by the Mayor. The Cable Communications Agency provides the public with information regarding City-County governmental actions. The Office of the Corporation Counsel provides city and county agencies with legal advice. The Office of the City Controller is responsible for financial management of the City. The Purchasing Division makes and records all purchases for the City-County entity. The Collection Division of the Office of Corporation Counsel is the City's debt collector.

Department of Administration

The Department of Administration provides the necessary internal services to keep the other operating agencies of City government functioning. Divisions within the department include Administrative Services, Equal Opportunity, Human Resources, and Indianapolis Fleet Services.

Department of Administration provides the employees of the City-County with the incentives, programs and services they need to work proficiently. The Equal Opportunity office ensures that the City-County, as well as community businesses, offers equal employment and business opportunities to everyone. The city does all of its hiring through Human Resources. Indianapolis Fleet Services maintains all municipal vehicles.

Introduction*Department of Metropolitan Development*

The Department of Metropolitan Development plans and implements projects and services focused on public safety, jobs and economic development, affordable housing, and the empowerment of neighborhoods through citizen participation.

Department of Public Works

The Department of Public Works is responsible for sanitation, including trash pickup and sewage disposal. Other activities include wastewater treatment and disposal, maintenance of infrastructure (including flood control levees and drainage systems), street maintenance, and the protection of City environmental resources, including air pollution control.

Department of Capital Asset Management

The Department of Capital Asset Management plans, designs, and constructs streets and roads in Marion County. The department is also responsible for infrastructure planning; designing sanitary and stormwater systems, wastewater transportation systems, and drains and levees; and completing flood control projects. Excluded from the department's control are (1) interstate, U.S. and state routes under jurisdiction of the Indiana Department of Transportation and (2) local streets within incorporated cities and towns in Marion County. The department also assists the Parks department in the design and construction of parks facilities.

Department of Public Safety

The Department of Public Safety maintains order and protects the rights and property of Indianapolis citizens. The department divisions include Police, Fire, Emergency Management Planning, Animal Control, and Weights and Measures. The Director coordinates the activities of Public Safety divisions with other state and local agencies, and plans cooperative efforts with various criminal-justice agencies.

Department of Parks and Recreation

The Department of Parks and Recreation offers the public recreation programs and manages neighborhood, community and regional parks; park enhancement and beautification programs; Indianapolis Greenways; and the park-ranger program. The Marion County Sheriff's Department and the Indianapolis Police Department help the Indy Park rangers keep parks safe for everyone to enjoy.

Introduction

THE INDIANAPOLIS CITY BUDGET

Beginning in May, the department heads, along with the offices of the Mayor and the City Controller, develop budgets for the next calendar year for divisions within their departments.

State statute and Council ordinance require the City to adopt annual balanced budgets—that is, revenues plus fund balance must equal or exceed appropriations. The major classification of appropriations is the character level, which corresponds to the Governmental Accounting Standards Board definition of object. The characters of expense are personal services, supplies, other goods and services, properties and equipment, and internal charges.

Operating appropriations lapse at year-end unless they are encumbered. A purchase order is recognized as an encumbrance against available appropriations. Total appropriations for capital projects funded by bond issues are set within the bond resolution and do not expire at year-end.

In July, the City Controller prepares budget ordinances that are introduced by the Mayor to the City-County Council at the first meeting in August. The controller adds the June 30 cash and investment balance to the estimated second-half revenues; this amount is reduced by the remaining appropriations and the additional anticipated appropriations to arrive at the current year December 31st projected budgetary fund balance. This balance, along with the estimated miscellaneous revenues, is reduced by the budgeted appropriations to arrive at the amount to be funded by property taxes. This amount must be less than the maximum levy unless an appeal to the State Board of Tax Commissioner is successful.

These ordinances are assigned to the appropriate Council Committee, which conducts public hearings during August and September. Prior to the last Council meeting in September, the budget levy is advertised twice in two newspapers. The Council may not pass a budget above the levy advertised.

The State Board of Tax Commissioners reviews the budget before certifying the levy; a levy above the limits may be granted if the excess levy meets the state law requirements. The Tax Commissioners are required to certify the levies, tax rates and budgets by February 15.

During the year, the City-County Council may amend appropriations upon request by the Controller to transfer unencumbered appropriations from one character to another in the same fund. Additional appropriations requests are submitted to the Controller's office to determine if sufficient additional revenues or fund balance is available. The State Board of Tax Commissioners must approve any request supported by property tax revenues or Motor Vehicle Highway moneys. These situations require advertisement to notify the public.

Non-ordinance budget transfers occur as needed. Budgets are controlled at different levels depending on what departments want. For example, the Animal Control division's budget is controlled at the *object* level. Thus, when there is insufficient money available within a particular object of the Animal Control division's budget, the division must request a transfer from another object before they can process a purchase order or direct payment from their budget. For budgets involving federal funds, the budget is usually controlled at the *grant* level, while capital funds are sometimes controlled at the *project* level. Most departments' regular operating budgets are controlled at the *character* level.

After the close of the year, independent public accountants perform an audit. The Report of Independent Accountants stated that the financial statements for the City of Indianapolis, Indiana at December 31, 1999 showed fairly, in all material respects, that the financial position of the City, the results of operations, and the changes in financial position were in conformity with generally accepted accounting principles (GAAP).

Comparison of the budget with the annual financial report may be misleading, as the budget is prepared on the cash basis while the annual financial report is prepared on the modified accrual basis.

Fund Structure

Because of the overlapping geographic boundaries of several service districts and the budgetary fund structure required by state law, the fund structure in Indianapolis is not typical of most cities. The City maintains a chart of accounts to comply with GAAP for financial reporting purposes, but prepares the operating budget in accordance with state laws, not GAAP. Certain funds are excluded from budgets by state laws—Trust and Agency, as well as Special Assessment Funds.

Introduction

The *General Fund* in Indianapolis is comprised of funds which are identified by the geographic boundary of a service district and which contain budget data not required to be accounted for in another fund:

Consolidated County	Fire Special Service District
Flood Control General	Maintenance Operations General
Park General	Police Special Service District
Redevelopment General	Sanitation General
Solid Waste Collection	Solid Waste Disposal
Transportation General	

Special Revenue Funds are restricted for use by federal or state government or they are special-purpose funds established by Council authority. Certain special revenue funds may be excluded from budgets by state provisions. Those budgeted by the City are:

Federal Grants	Parking Meters
State Grants	

Debt Service Funds are budgeted for payment of General Obligation Bond principal and interest. These include:

Civil City Sinking	Flood Control Sinking
Sanitary Sinking	Park Sinking
Metropolitan Thoroughfare Sinking	Redevelopment Sinking

Capital Project Funds account for the construction, acquisition, or maintenance of major fixed assets. They include City Cumulative Capital Development and County Cumulative Capital Development funds.

Pension Trust Funds are disbursed by the City in its fiduciary capacity to covered employees. They include Fire Pension and Police Pension funds.

Introduction**Budget Guidelines**

The City Controller distributes guidelines for City departments to use in preparing budgets. Significant projections for expenditures include the following.

Personal Services - Character 010

Merit pay raises for 2001 are to be budgeted at a 3 percent of base for biweekly employees. Pay raises for employees covered by collective bargaining agreements have been negotiated in their contracts.

The Public Employees Retirement Fund (PERF) contribution is 4.00 percent for 2001, down from 5.00 percent in 2000.

FICA remains at 7.65 percent on a salary base to \$76,200. For those employees earning over \$76,200, agencies should budget 7.65 percent for the first \$76,200 and 1.45 percent for that portion of the salary which exceeds \$72,000. Police officers and firefighters hired after April 1, 1986 are only included in the Medicare portion of the FICA tax, which is 1.45 percent.

Supplies and Materials - Character 020

The Consumer Price Index change for the North Central Region of the United States as of March 2000 was minimal. Therefore, the actual expenses for 1999 and 2000 were used to determine 2001 budget amounts, with adjustments being made only when significant price increases or usage changes were expected (i.e. fuel).

Other Services and Charges- Character 030

Minimal increases are budgeted for telephones, utilities, postage, travel, building rent and other services. The Controller's Office is absorbing significant increases in technology expenses and repairs to the City-County Building elevators and parking garage (part of rent expense).

Property and Capital Equipment - Character 040

All equipment is budgeted in character 4, including leased equipment (other than very short-term lease). All vehicle replacements are to be in conformance with Indianapolis Fleet Services' recommended fleet replacement schedule.

Internal Charges - Character 050

Charges for services provided by other City departments and divisions are shown in character 050; these are shown as an expense for the department being provided the service and a negative expense for the department providing the service. This category of expense is instituted to avoid the "double budgeting" of expense.

Introduction*Revenues*

The property tax rate for 2001 is the same as 2000 for the City of Indianapolis. Assessed valuation is presumed to increase 2.5 percent countywide and 1 percent in the Police and Fire Special Service districts.

Auto Excise and Financial Institutions Taxes (state shared revenues) are expected to decline slightly as the City's tax rate remains static and other units' tax rates increase, giving the City a smaller pro rata share.

The County Option Income Tax (COIT) remains 0.7 percent for 2001 and is distributed based upon maximum levies to those eligible units.

Federal revenues are estimated according to available information for 2001. The total federal revenues are higher than past budgets reflecting anticipated awards of grants received this year.

2001 Budget Calendar

April 24	Preliminary Budget Guidelines issued
May 10-12	First round of meetings with departments to review budgets
June 8-18	Second Round of meetings with departments to review budgets
July 1	June 30 closing of FAMIS (the city's accounting system)
July 10-14	Final meetings w/departments and Controller, as needed
July 21	Final budget narratives and numbers due, based on negotiations held the previous week.
Aug. 7	Budget is introduced to Council
Aug. to Sept.	Council committee hearings on budget
Sept. 11	Council approves budget
1 st week of Dec.	State Tax Board reviews the budget
Feb 15, 2001	State Tax Board approves final budget

Introduction

POLICY GOAL DEFINITIONS

The budgeted activities of city departments will link to one of the following Administration goals. The “Policy Goals” link the city budget to desired results. This roll-up ties the work performed by city departments through budgeted appropriations to the Administration’s Goals.

- **Assuring Personal Safety** – By providing the community safe, secure neighborhoods and homes where citizens and property are protected through adequate public safety services and the enforcement of applicable laws.
- **Preparing Our Youth** – By empowering, supporting, involving, and protecting youth to ensure that they are respectful and responsible members of society.
- **Strengthening Neighborhoods** – By providing basic city services that strengthen neighborhoods and the families that live within them, and ensuring well-maintained, affordable housing, a cleaner environment, a more inclusive community, and strong support for arts.
- **Providing Systems That Work** – By ensuring accessible, affordable transportation and city infrastructure systems – such as sewers, streets, and information technology- that are high-quality, reliable, and cost-effective, while maintaining high standards of environmental friendliness and public access.
- **Developing a 21st Century Economy** – By providing workers with skills to face the challenges of the new economy, attracting high-growth, high-paying businesses, and expanding economic opportunity to all citizens.